



WATER CUSTOMER SUPPORT DIVISION

BID TO GOAL

FY2007 ANNUAL REPORT

In Fiscal Year 2007, the Customer Support Division implemented the first year of the five-year Bid to Goal contract. Bid to Goal has resulted in positive changes in the organization through increased communication, savings from cost containment, and staff involvement.

FINANCIAL RESULTS

The Customer Support Division's (CSD) FY2007 financial results as summarized below and in Attachment 1 reflect a moderate amount of savings. These unaudited results indicate that CSD achieved savings of \$1,001,464, a savings of 4.5% from the Budget Objective. These preliminary results are scheduled to be audited by an external auditor in FY 2008. Savings are summarized by expenditure category as follows:

FY 2007 Financial Results - Summary

	BID	FY2007 Expense	Variance
Personal Services	\$9,445,000	\$8,675,661	\$769,339
Fringe Benefits	\$4,972,000	\$4,913,757	\$58,243
Supplies and Services	\$5,226,000	\$5,872,110	(\$ 646,110)
Data Processing	\$1,796,000	\$1,265,073	\$530,927
Energy Resources/Utility	\$101,000	\$107,712	(\$6,712)
Outlay	\$4,000	\$7,472	(\$3,472)
Encumbrances Released	\$0	(\$158,505)	\$158,505
Contingency ¹	\$356,000	\$356,000	\$0
	\$21,900,000	\$21,039,280	\$860,720
Inflation - Adjusted			\$140,744
Total Savings ²			\$1,001,464

¹Contingency Fund of \$356,000 was used in Supplies & Services to subsidize the repair and replacement of 548 backflow devices in response to California Department of Health Directive. The Division Contingency Fund may be used to compensate for unanticipated in-scope expense per Bid (Section 3.6.1).

²Financial Results may change subject to post-closing adjustments.

Personnel Expense

The division saved a total of \$827,000 in Personal Services. These savings can be attributed to the division's actual vacancy rate average of eight percent over the entire year compared to the five percent average vacancy rate factored in the Bid. The total number of vacancies ranged from twelve to nineteen on a monthly basis. Another contributing factor to personnel expense savings is reduced overtime costs. Only thirty-seven percent of the Bid overtime budget has been expended which resulted in savings of \$237,600.

Supplies and Services

The Bid was over expended in the supplies and services category specifically in the Contractual Services account. This is due to the Water Department's commitment to

complete repairs and replacements of 548 backflow devices in response to California Department of Health Citation 05-14-04C-101 Directive 6 submittal. The Department hired outside contractors to repair and replace the backflow devices identified by the State because the volume of work exceeded internal resources available to complete the work by the citation timeline. The work was completed by contractors with the Water Department and Field Engineering Division's oversight. The total cost of the construction contract including Field Engineering charges is \$826,000. Since this expenditure was not included in the Bid, the total divisional contingency fund amount of \$356,000 was used to mitigate this expense.

PAY FOR PERFORMANCE RESULTS

Pay for Performance goals were established prior to the beginning of Fiscal Year 2007 by employees of the Customer Support Division. The criteria in establishing these goals were to make them challenging but achievable and to involve participation throughout the Division. The goal of the Pay for Performance Awards is to improve operational performance by incentivizing employees to achieve specified performance goals. In Fiscal Year 2007, thirteen goals were achieved out of the eighteen goals established. These Pay for Performance results are scheduled to be audited in November of Fiscal Year 2008. A summary of the goals and results is provided in Attachment 2.

SERVICE LEVEL REQUIREMENTS

One component of the Bid that is unique to the Customer Support Division's Bid is the Service Level Requirements. The defined service levels for each functional area, outlined in the Bid were established to ensure that the division continues to focus on providing excellent customer service in addition to optimizing its operations. The Mayor's Office has accepted the Division's Determination of Substantial Conformance memorandum. The purpose of this memo was to notify the Mayor or his designee that the Customer Support Division has substantially met the service level requirements as defined in the Bid to Goal Program (Section 2.2.6).

OPERATIONAL ACHIEVEMENTS AND CHALLENGES

Water Resources Management

In Fiscal Year 2007, Flex Your Power, California's statewide energy efficiency campaign, recognized the City of San Diego Water Department as a leader in energy efficiency with a Flex Your Power Award. A total of 41 winners were selected from several hundred applicants for outstanding leadership in energy efficiency. Cumulatively, award winners over the last two years have saved more than 172 million dollars, one billion kilowatt hours and reduced greenhouse gas emissions equivalent to removing almost 85,000 cars from the road. The 5th Annual Flex Your Power Awards Ceremony was held on Saturday, May 5, 2007, at the San Francisco Concourse Exhibition Center. The City's Water Conservation Program noted that the water saved through water conservation programs produced 2,030,000 kWh of electricity savings.

The Water Conservation Program also participated in region-wide conservation efforts, including the “20 Gallon Challenge.” Historic dry conditions and legal challenges impacted supplies across the west and locally. The Sierra snow-pack, whose runoff flows into the State Water project, was at 30 percent of its normal volume as of May 2007. The good news is that San Diegans continue to save water. Additionally, the City of San Diego Water Conservation Program continues to focus on developing long-term water savings through hardware replacement while making strides towards educating customers about exterior irrigation efficiency.

The Water Resources Management program also contributed to the overall division savings with a total savings of \$112,000 in personal services due to a vacancy rate average of seven percent. Non-personnel expense savings of \$198,000 is from cost containment in the supplies and services category. Corporate partnership with an irrigation company has reduced advertising costs. In addition, a Horticulturist position in the Park and Recreation Department that was previously funded by the Water Resources Management section has been eliminated. This resulted in savings of \$100,000 in the contractual services account.

Administration

Automated Meter Reading (AMR) technology evaluations began this fiscal year. Implementation of this technology is expected in Fiscal Year 2008. AMR technologies provide a variety of benefits. Improvements in service include among others, a more proactive approach to alerting customers of water leaks, detecting unauthorized use, improving peak forecasting and handling field investigations more effectively.

The Bid to Goal program was implemented this fiscal year and the primary goals of the Bid were achieved. Monthly report-out meetings resulted in improved communication and involvement among all the sections in CSD.

Customer Services Office

The Customer Service Office (CSO) worked to continue and improve the quality of customer service offered to the public. This was especially challenging due to the number of unfilled vacancies in this section. The different sections worked together to continue to provide excellent service to our customers. The section continued to process payments, perform billing adjustments and send bills on a daily basis. This year a total of 342,045 calls came through the call center and were answered by the Customer Information, Water Service Repair, and Billing sections.

The number of unfilled vacancies in CSO resulted in personal services savings of \$621,000. The vacancy rate factored in the Bid was six percent and the section’s actual vacancy rate average was thirteen percent over the entire year. Vacant positions also resulted in savings in non-personnel expense specifically in Data Processing costs.

Field Services & Investigations

The most significant accomplishment of the Field Services and Investigations Section is the reduction of “skipped” meters. Situations where a valid reading can not be obtained include:

1. Difficulty of access – Some meters are located in canyons and alleys;
2. Obstructions such as vehicles parked over meters or landscape covering the meter;
3. The meter display can not be read e.g. fogged register, broken glass, staining, etc.

In Fiscal Year 2006, a total of 16,297 meters were skipped. In Fiscal Year 2007, the Meter Reading staff reduced the total number of skips to 10,814, a reduction of 34% from Fiscal Year 2006. This goal was accomplished through diligent teamwork, database clean-up, quality control at the field, and improved communication with other sections within the division.

Meter Services

In a coordinated effort between Meter Services, Water CIP and Field Engineering, and a private contractor, the repair and replacement of over 500 backflow devices was expedited to enable City forces to maintain backflow preventive maintenance efforts without increasing staff.

CONCLUSION

The Customer Support Division’s Bid to Goal Program had a successful first year. The division achieved its budget objective and had moderate savings. In addition, the division achieved most of its Pay for Performance Goals. The division continues to strive for optimization by streamlining work processes and by providing resources to facilitate the training of Customer Support staff. Most importantly, Bid to Goal involves all employees in meeting the Division’s goals of continuous improvements and exceeding customer expectations.

In Fiscal Year 2008, the Division will continue to focus on cost containment and providing excellent customer service. This is reflected in the FY 2008 Pay for Performance Goals which includes goals that are focused on providing training to the Customer Support office and field staff. The Division will also continue with the optimization process by evaluating current work practices and developing and implementing process improvements.

Attachments

1. Table 1.2 – Financial Results Summary
2. Pay for Performance Results Summary

FY 2007 Summary

Attachment 1

Period 13 - Ending June 30 - 100% of the Year Completed

Budget Objective, Customer Support Division

	BID FY 2007	In-Scope Expenditures	% of BID Expended	FY07 Savings**
Administration	1,582,000	1,623,341	102.6%	(41,341)
Water Resources	2,155,000	1,766,280	82.0%	388,720
Customer Service	6,817,000	6,043,506	88.7%	773,494
Field Services & Inv	3,554,000	3,597,673	101.2%	(43,673)
Meter Services	7,436,000	7,652,479	102.9%	(216,479)
Division Contingency Fund* - budgeted in Administration Program	356,000	356,000	100.0%	0
Inflation - Adjusted (2.64%)	140,744	-	-	140,744
Fixed Budget Objective	22,040,744	21,039,280	95.5%	1,001,464

	BID	ACTUAL	
Water Resources ⁽¹⁾	517,000	283,244	
Deferred Maintenance Fund ⁽²⁾	50,000	-	
Pass Through Budget Objective	567,000	283,244	
TOTAL BID BUDGET OBJECTIVE	22,607,744	21,322,524	94.3%

Pass Through Itemization	BID	ACTUAL
(1) Water Resources	517,000	
Plumbing Fixtures		283,244
Pipe, Fittings, etc.		-
(2) Meter Services	50,000	
Deferred Maintenance Fund		-

*The Division contingency fund subsidized the repair and replacement of 548 backflow devices in response to the California Department of Health Directive. The Division Contingency may be used to compensate for unanticipated in-scope expenses per Bid (Section 3.6.1).

**Financial Results may change subject to post-closing adjustments.

Customer Support Division
PAY FOR PERFORMANCE GOALS
ANNUAL REPORT - FY 2007

Attachment 2

		GOAL	Actual	Achieved PFP Goal
Division Administration				
1	Complete the BTG Annual Financial Reports On Time	100%	100%	Yes
2	Complete All Elements of the BTG Communications Plan:	100%	75%	No
	-Quarterly Newsletter	4/Yr	4	
	-Logo	1	1	
	-Monthly Performance Posters	10/Yr	2	
	-All-Hands Meetings	2-4/Yr	4	
3	Respond to Customer Complaints Within 21 Days	90%	94.2%	Yes
Customer Service - Office				
1	Complete Customer-Requested Investigations, Including Notification to Customer, Within 21 days	90%	82%	No
2	Complete Service Restoration Requests within Goal:			
	-Same Business Day	91%	99%	Yes
	-Next Business Day	99%	100%	
3	Have Call Center and Water Repair Staff Available	65%	72%	Yes
4	Process Mail Remittances Within the Same Business Day	95%	unknown	No
Field Services & Investigations				
1	Complete Customer-Requested Investigations, Including Notification to Customer, Within 21 days	90%	82%	No
2	Reduce number of Skips for Domestic Meters as Percentage of Total Meters	10%	35%	Yes
3	Read Commercial Meters on Schedule	90%	98%	Yes
4	Complete Turn-On Requests within Goal:			
	-Same Business Day	91%	99%	Yes
	-By Next Business Day	99%	100%	
Meter Services				
1	Survey All Accounts for Cross Connection Needs by July 2007	Yes/No	Yes	Yes
2	Test All Unique Commercial Water Water Meters to Meet Performance Specifications on Annual Test	90%	92%	Yes
3	Test All Unique City Maintained Backflows to Meet Performance Specifications on Annual Test	99%	88%	No
4	Ensure Accuracy Between Field Conditions and CIS/SWIM/IOS on Work Orders that Have Direct Effect on Billing Issues	99%	99%	Yes
Water Resources Management				
1	Increase Quantifiable New Water Savings per Year	700AF	938AF	Yes
2	Complete Water Conservation Presentations to Local Schools and Other Organizations, Including Administration of Feedback Survey	36/Yr	46	Yes
		25% of purchase price of treated water	17%	Yes
3	Maintain Average City Cost per AF of Water Conserved			